

Message Text

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ACTION NEA-10

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-07 FRB-03
INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03
SP-02 LAB-04 EPG-02 SIL-01 OMB-01 NSC-05 SS-15
STR-04 CEA-01 /079 W
-----126221 291551Z /47
R 291345Z JUN 77
FM AMEMBASSY CAIRO
TO SECSTATE WASHDC 6727

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E.O. 11652: N/A
TAGS: EFIN, EG
SUBJECT: KAISSOUNI REPORTS TO SADAT

REF: (A) CAIRO 10153, (B) CAIRO 10239

1. CAIRO DAILIES JUNE 29 CARRY FRONT PAGE COVERAGE OF MEETING PREVIOUS DAY BETWEEN DEPPRIMIN KAISSOUNI AND PRESIDENT SADAT. ACCORDING TO NEWS ACCOUNTS, KAISSOUNI PRESENTED REPORT TO SADAT COVERING DEVELOPMENTS IN EGYPT'S ECONOMIC AND FINANCIAL POSITION DURING PAST YEAR AND PROBABLE FUTURE OF ECONOMY DURING REMAINDER 1977 AND FIRST PART 1978. BROAD OUTLINES OF REPORT, ACCORDING TO PRESS, ARE AS FOLLOWS:

A. THERE HAS BEEN RELATIVE IMPROVEMENT IN EGYPT'S ECONOMIC AND FINANCIAL POSITION DUE TO ECONOMIC "MOVEMENTS" FROM ARAB STATES, U.S.A., WESTERN EUROPE, AND INTERNATIONAL BANKS AND ORGANIZATIONS.

B. REPORT RECOMMENDS TAKING ADVANTAGE OF IMPROVEMENT IN ECONOMY TO REALIZE ECONOMIC STABILITY. THERE SHOULD NOT BE AN EXPANSION OF NEW PROJECTS; EMPHASIS SHOULD BE
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PLACED ON COMPLETION OF PROJECTS ALREADY UNDERWAY. ATTENTION SHOULD BE GIVEN TO GRADUAL ELIMINATION EGYPT'S BUDGET DEFICIT AND TO REDUCTION OF INFLATION RATE.

C. REPORT ALSO RECOMMENDS THAT SUEZ CANAL, OIL, TOURISM, PRIVATE AND FOREIGN INVESTMENT (STRONG POINTS IN EGYPTIAN ECONOMY) SHOULD BE STRENGTHENED. PROBLEM

SPOTS SUCH AS DECREASED SAVINGS, INCREASED PERSONAL CONSUMPTION, AND SCARCITY OF FOREIGN EXCHANGE MUST BE ADDRESSED.

D. REPORT POINTS TO PROFITABLE BALANCE SHEETS OF JOINT VENTURE BANKS AS PROOF SUCCESS OF ECONOMIC LIBERALIZATION POLICY AND NECESSITY FOR EXPANSION OF JOINT VENTURES INTO OTHER FIELDS.

2. COMMENT. ECONOMIC REPORT PROBABLY IS DOCUMENT REPORTED UNDER PREPARATION REFTEL A. SENIOR CENTRAL BANK OFFICIAL COMMENTED TO EMBOFF JUNE 29 THAT OCCASION FOR ITS DELIVERY WAS PRESENTED BY FACT DR. KAISOUNI IS DEPARTING IN "NEXT FEW DAYS" FOR MEDICAL CHECKUP IN US (REF B). PROMINENT COVERAGE OF EVENT SUGGESTS TO US DEPPRIMIN CONTINUES TO OPERATE FROM POSITION OF STRENGTH WITHIN GOE IN HIS EFFORTS TO EFFECT ECONOMIC REFORMS. THERE IS, INCIDENTALLY, NO RPT NO INDICATION IN PRESS ACCOUNTS THAT PM SALEM WAS IN ATTENDANCE AT PRESENTATION OF REPORT.
EILTS

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PRESS COMMENTS, ECONOMIC REPORTS
Control Number: n/a
Copy: SINGLE
Sent Date: 29-Jun-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977CAIRO10826
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770232-0423
Format: TEL
From: CAIRO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t1977069/aaaaahat.tel
Line Count: 83
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: af98b784-c288-dd11-92da-001cc4696bcc
Office: ACTION NEA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 77 CAIRO 10153, 77 CAIRO 10239
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 21-Jan-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2272165
Secure: OPEN
Status: NATIVE
Subject: KAISOUNI REPORTS TO SADAT
TAGS: EFIN, EG, (SADAT, ANWAR), (KAISOUNI)
To: STATE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/af98b784-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009